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# ISSUE BRIEF

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## BUILDING EXCELLENT SCHOOLS TODAY (BEST) ACT

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During the 2008 session, the General Assembly enacted House Bill 08-1335, the Building Excellent Schools Today (BEST) Act. The act replaced existing law concerning state financial assistance for public school capital construction and established a grant program in order to accelerate funding for K-12 capital construction. In addition to increasing the level of assistance provided by the state for public school capital construction, the act also identified new sources of funding for capital projects in order to make life-safety renovations and address issues of overcrowding. This issue brief discusses the origins and administration of the BEST program, funding for BEST projects, and the grant awards made since the program's inception.

### Background

**Origins of the BEST program.** Prior to 1998, public school capital construction was largely funded from local rather than state sources. A class action lawsuit filed in 1998 changed how the state contributed to K-12 capital construction (*Giardino v. Colorado State Board of Education*). The lawsuit alleged that the state had not fulfilled its constitutional responsibility to establish and maintain a thorough and uniform system of schools because of the deteriorating condition of many public schools and issues of overcrowding. Senate Bill 00-181 implemented the terms of a settlement agreement. In 2008, the General Assembly enacted the Best Act, which replaced the financial assistance programs established pursuant to the lawsuit.

### Building Excellent Schools Today (BEST) Program

The BEST program was established to provide grants to public schools to rebuild, repair, or replace the worst of the state's K-12 facilities. The following entities are qualified to participate in the BEST program:

- ✓ local school districts;
- ✓ charter schools;
- ✓ Boards of Cooperative Services; and
- ✓ the Colorado School for the Deaf and the Blind.

Capital construction projects qualify for funding and are prioritized in order based on the following criteria: (1) addresses potential safety hazards and/or health concerns; (2) relieves overcrowding; (3) incorporates technology into the educational environment; and (4) all other projects. The enacting legislation established a division and staff within the Colorado Department of Education to manage the program. Table 1 summarizes state dollars spent since 2000 for K-12 capital construction projects.

**Table 1**  
**Funding for K-12 Capital Construction**

Fiscal Year	State Funding Made Available
Prior to 2000	N/A -- funded locally
FY 00-01 — FY 07-08	\$145.0 million
FY 08-09 — FY 12-13	\$680.5 million
<b>Total</b>	<b>\$825.5 million</b>

**State funding for BEST projects.** A nine-member board is charged with annually submitting a prioritized list of projects recommended for funding to the State Board of Education. Two types of grants may be awarded to BEST-qualified projects, including: (1) cash awards; and (2) long-term borrowing either in the form of lease-purchase agreements called certificates of participation (COPs), or Qualified School Construction Bonds, a federal program that allows public entities to borrow at zero percent interest to finance K-12 capital construction. The source of state funds for the cash awards and to repay long-term borrowing and make annual lease payments is the Public School Capital Construction Assistance Fund. Money is annually appropriated in the Long Bill for this purpose. The fund collects revenue from the following sources:

- 50 percent of the moneys earned from state public school lands in the form of rental income and mineral royalties;
- a portion of lottery proceeds; and
- interest earnings on the fund.

Table 2 shows the amount earned in FY 2011-12 from each of the above listed sources.

**Table 2**  
**Fund Earnings for BEST Projects (FY 2011-12)**

Fund Source	Amount Earned in FY 2011-12
Rents and royalties	\$72.4 million
Lottery proceeds	\$4.6 million
Interest earnings	\$1.7 million
<b>Grand Total</b>	<b>\$78.7 million</b>

Source: Colorado Department of Education

**Cash funding for BEST projects.** The BEST program also requires recipients to pay a portion of the cost of a project, unless a waiver is granted. In FY 2011-12, local districts committed \$91.3 million in matching funds for BEST projects. This money will be collected and spent over the life of the projects. Table 3 lists the total BEST grants, including the total amount awarded to date, by county, since the program's inception.

**Table 3**  
**Total BEST Grants: FY 08-09 through FY 12-13**

County	Total Grants	Amount Awarded
Adams	19	\$43,473,306
Alamosa	2	\$51,830,344
Arapahoe	10	\$37,069,842
Baca	1	\$1,253,558
Bent	4	\$923,386
Boulder	3	\$6,810,148
Chaffee	3	\$14,965,344
Conejos	3	\$21,298,348
Costilla	2	\$6,969,851
Crowley	1	\$630,306
Delta	1	\$8,768,044
Douglas	1	\$1,795,500
Eagle	1	\$9,302,653
El Paso	31	\$70,971,016
Elbert	7	\$41,757,866
Garfield	4	\$12,505,374
Grand	1	\$19,768
Gunnison	1	\$177,769
Huerfano	2	\$564,475
Jefferson	2	\$13,805,126
Kit Carson	2	\$14,728,611
Kiowa	1	\$708,488
La Plata	2	\$5,842,897
Lake	4	\$16,705,063
Larimer	2	\$1,076,203
Las Animas	5	\$947,318
Lincoln	4	\$9,964,916
Logan	1	\$3,922,517
Montezuma	4	\$25,792,949
Montrose	9	\$21,165,327
Morgan	4	\$3,306,257
Otero	7	\$2,108,286
Park	4	\$21,868,957
Phillips	2	\$1,520,272
Pitkin	1	\$4,179,398
Prowers	4	\$32,798,327
Pueblo	1	\$1,497,032
Rio Grande	2	\$46,393,164
Routt	3	\$3,771,426
Saguache	4	\$32,274,643
San Juan	1	\$9,478,924
Sedgwick	2	\$10,197,051
Washington	5	\$35,194,767
Weld	3	\$18,727,153
Yuma	3	\$11,413,138
<b>Totals</b>	<b>179</b>	<b>\$680,475,108</b>

Source: Colorado Department of Education